

# Economic Trends in 2023

Presented by Mike Fisher

AAHPA 2023 Conference

September 28, 2023



# Introduction

- We'll look at indicators affecting the industry:
  - Inflation
  - Population
  - Gross Domestic Product
  - Employment, Labor Force, and Wages
  - Number of Private Businesses
  - Lending Environment
  - Boat Registrations
  - Fuel Prices
- Please hold questions until the end so we can get through the slides in the time we have.
  - The slides are numbered if you want to refer to a specific one.
- This information is intended to start a conversation; discussion is welcome!

The background of the slide is a grayscale image of several US dollar bills, including a \$100 bill and a \$20 bill, which are slightly out of focus. A solid gold horizontal bar is positioned across the middle of the image, containing the word "Inflation" in white text.

# Inflation

# Inflation is measured in multiple indices

## ■ Common Measures:

### ○ CPI:

- Measures price changes in goods and services purchased out of pocket by urban consumers
- Use to adjust income and expenditure streams for changes in the cost of living

### ○ PPI:

- Measures the average change over time in selling prices received by domestic producers of goods and services
- Used to deflate revenue streams to measure real growth in output

### ○ GDP Deflator:

- Measures price changes in goods and services purchased by consumers, businesses, government, and foreigners
- Used as another measure of inflation

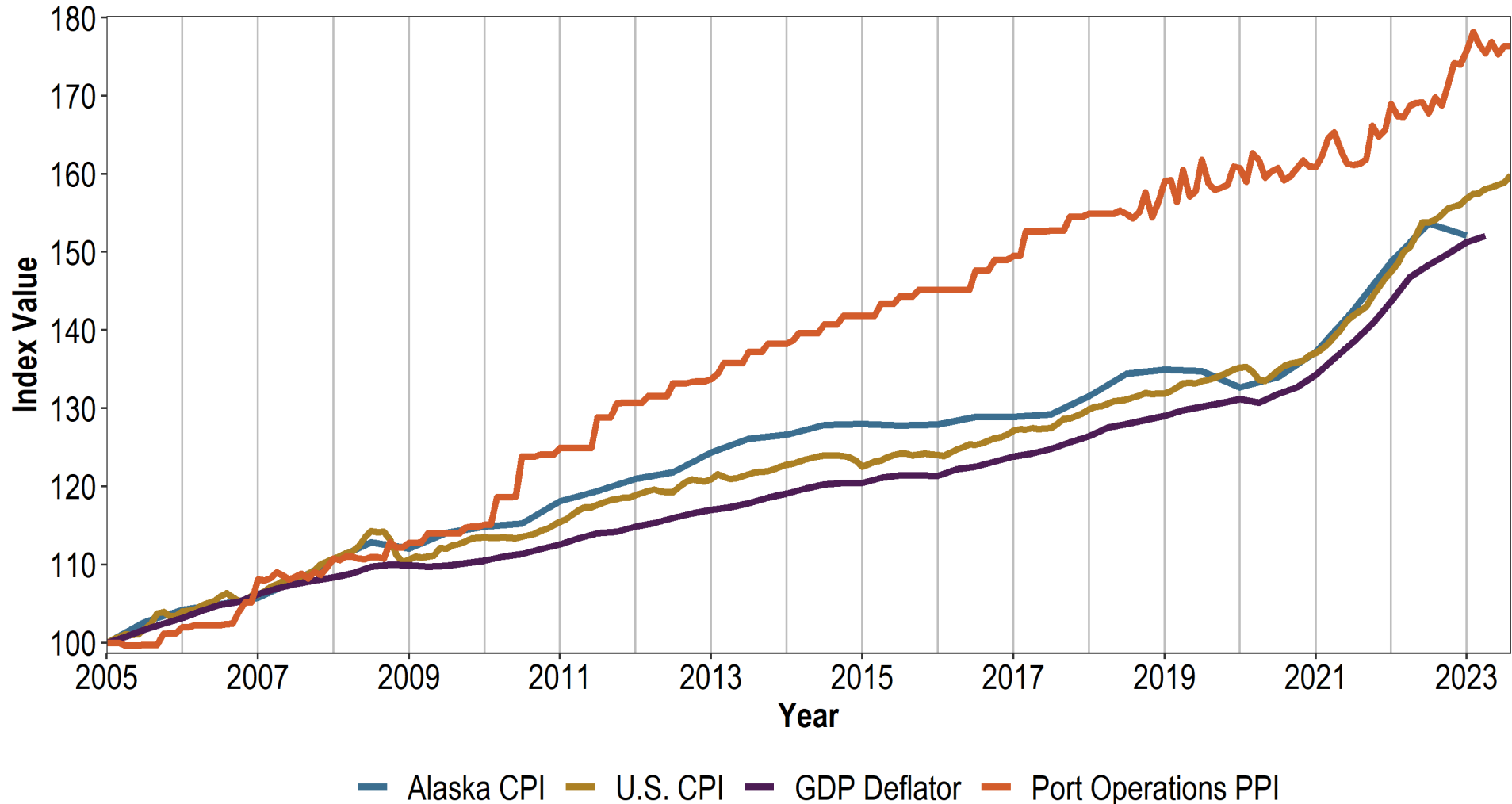
More information:

<https://www.bls.gov/ppi/methodology-reports/comparing-the-producer-price-index-for-personal-consumption-with-the-us-all-items-cpi-for-all-urban-consumers.htm>

<https://www.bls.gov/opub/mlr/2016/article/comparing-the-cpi-with-the-gdp-price-index-and-gdp-implicit-price-deflator.htm>

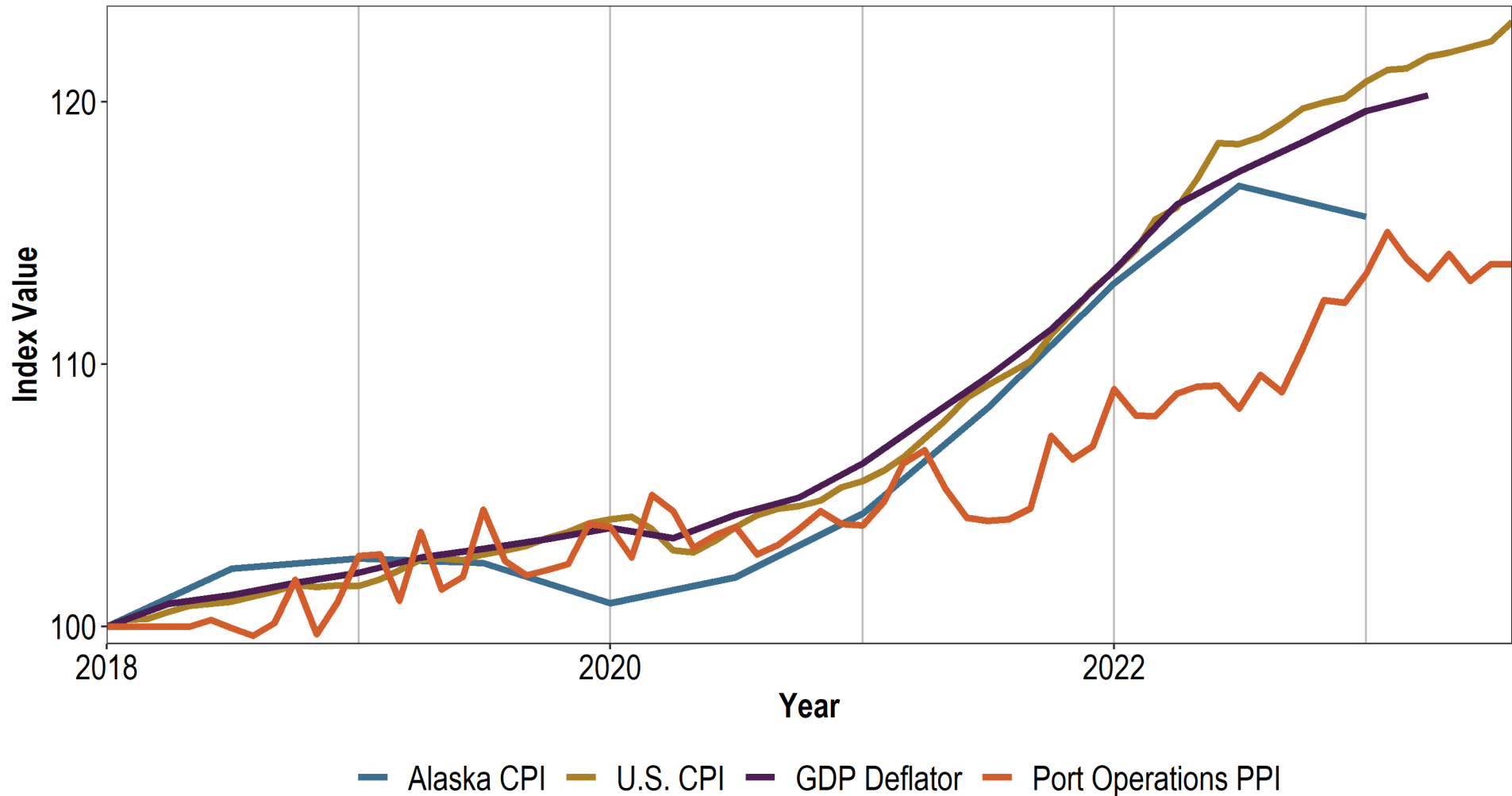
<https://www.bls.gov/ppi/overview.htm>

# Inflation growth is strong but easing



Note: Data retrieved September 14, 2023. Note: Indices normalized to January 1, 2005, for comparison.  
Source: St. Louis Fed and Northern Economics, Inc. analysis

# Port operations PPI has leveled off

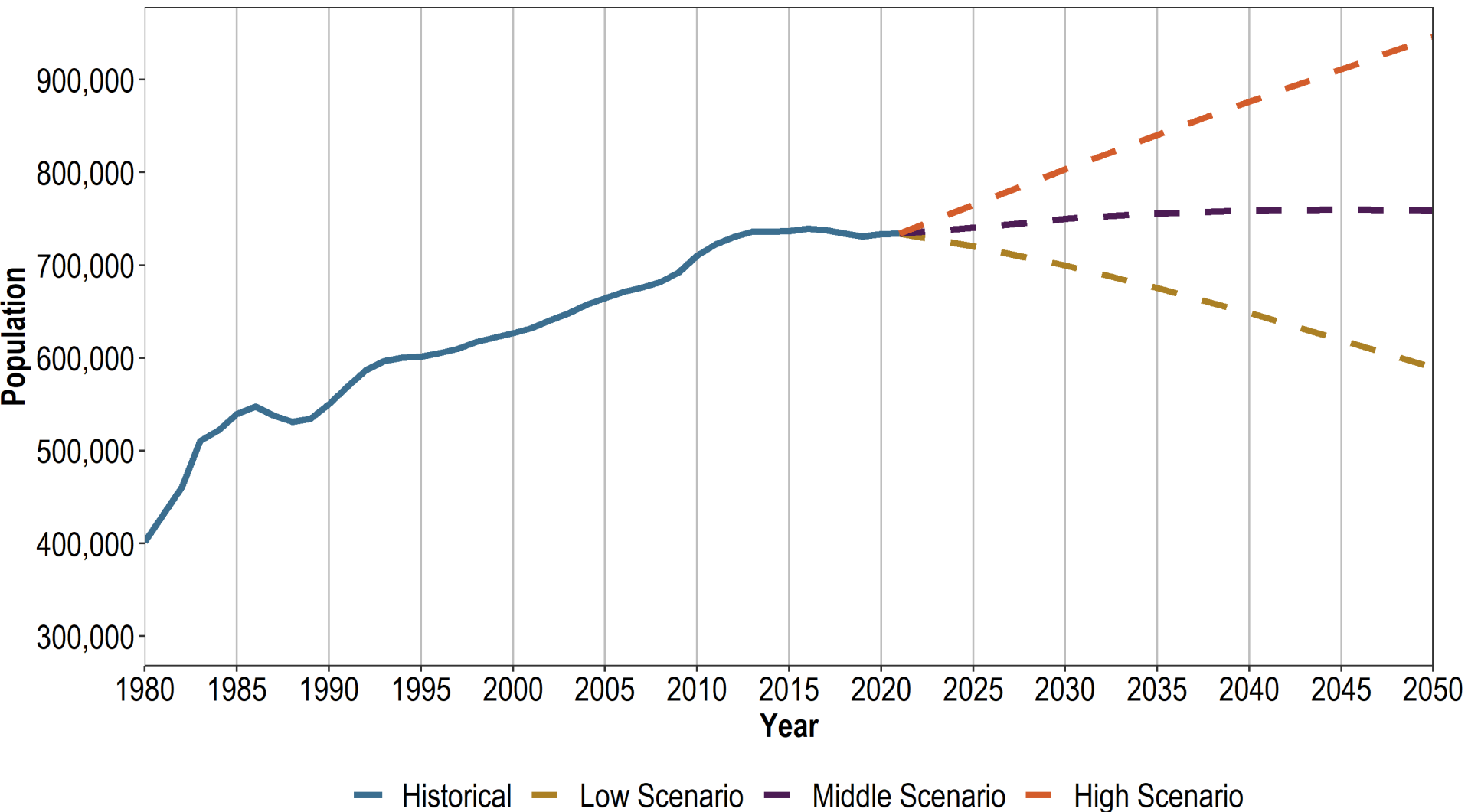


Note: Data retrieved September 14, 2023. Note: Indices normalized to January 1, 2018, for comparison.  
Source: St. Louis Fed and Northern Economics, Inc. analysis



# Population

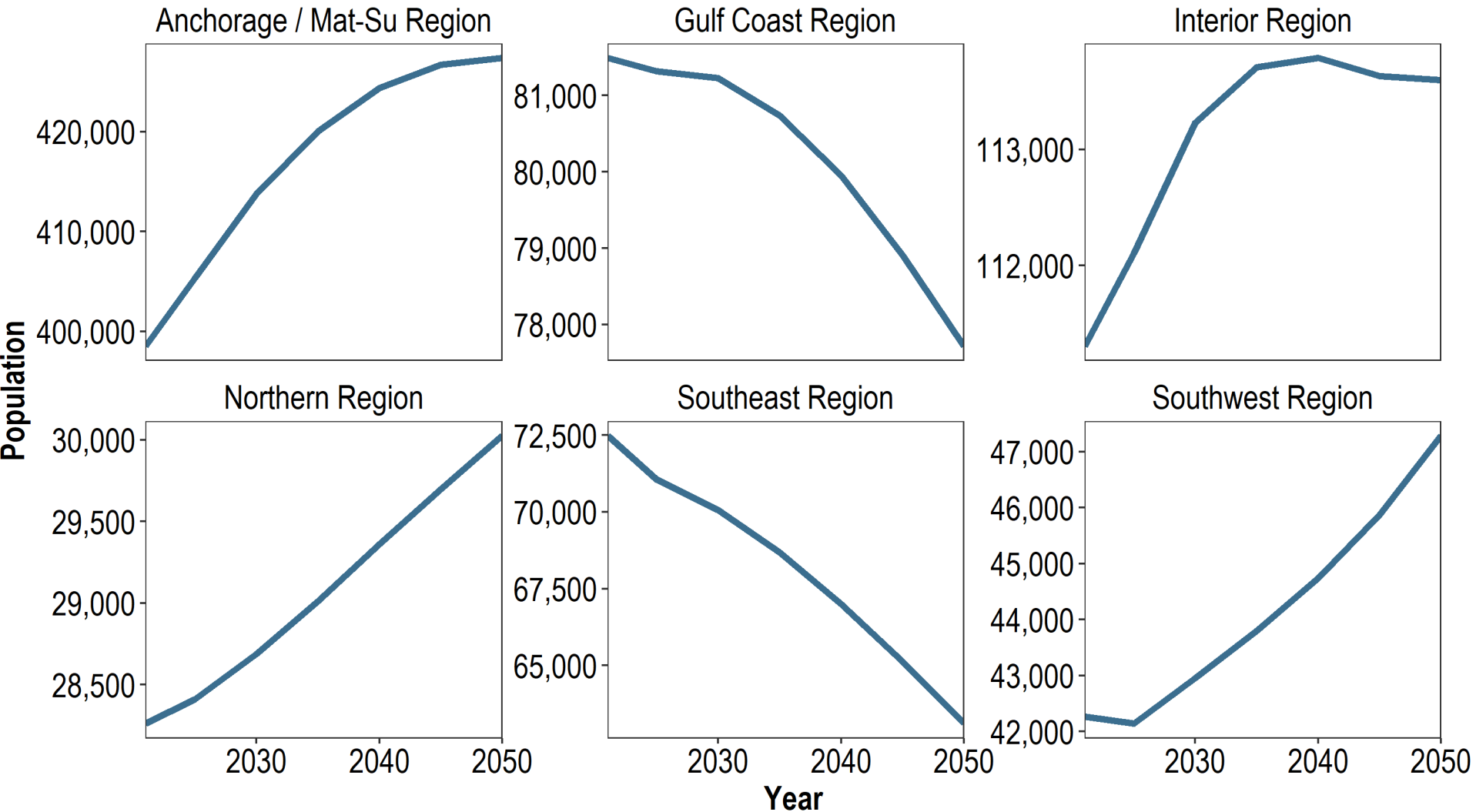
# Alaska's population expected to remain flat



Source: Alaska Department of Labor & Workforce Development



# Coastal populations expected to shrink



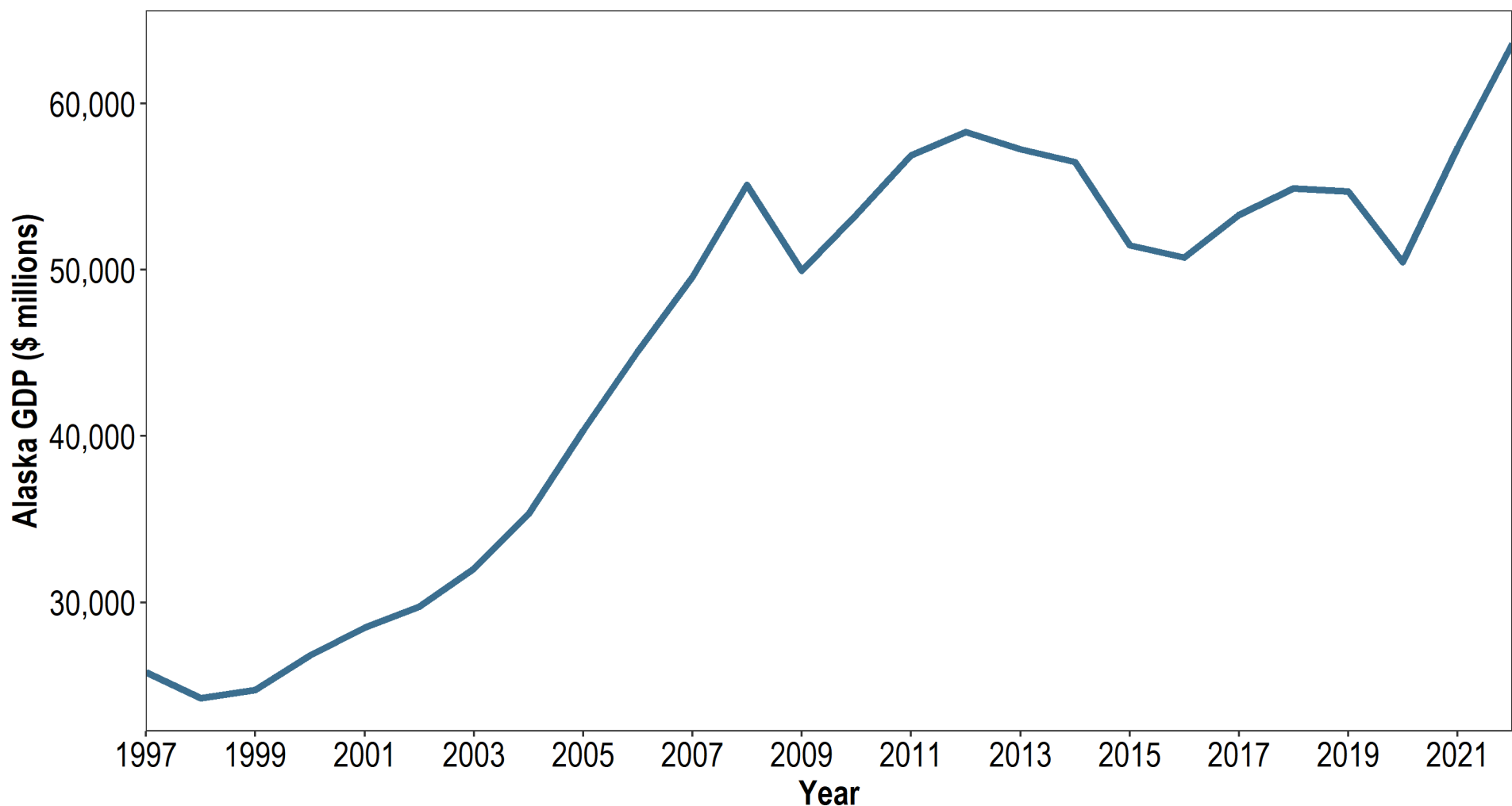
Source: Alaska Department of Labor & Workforce Development



# Gross Domestic Product

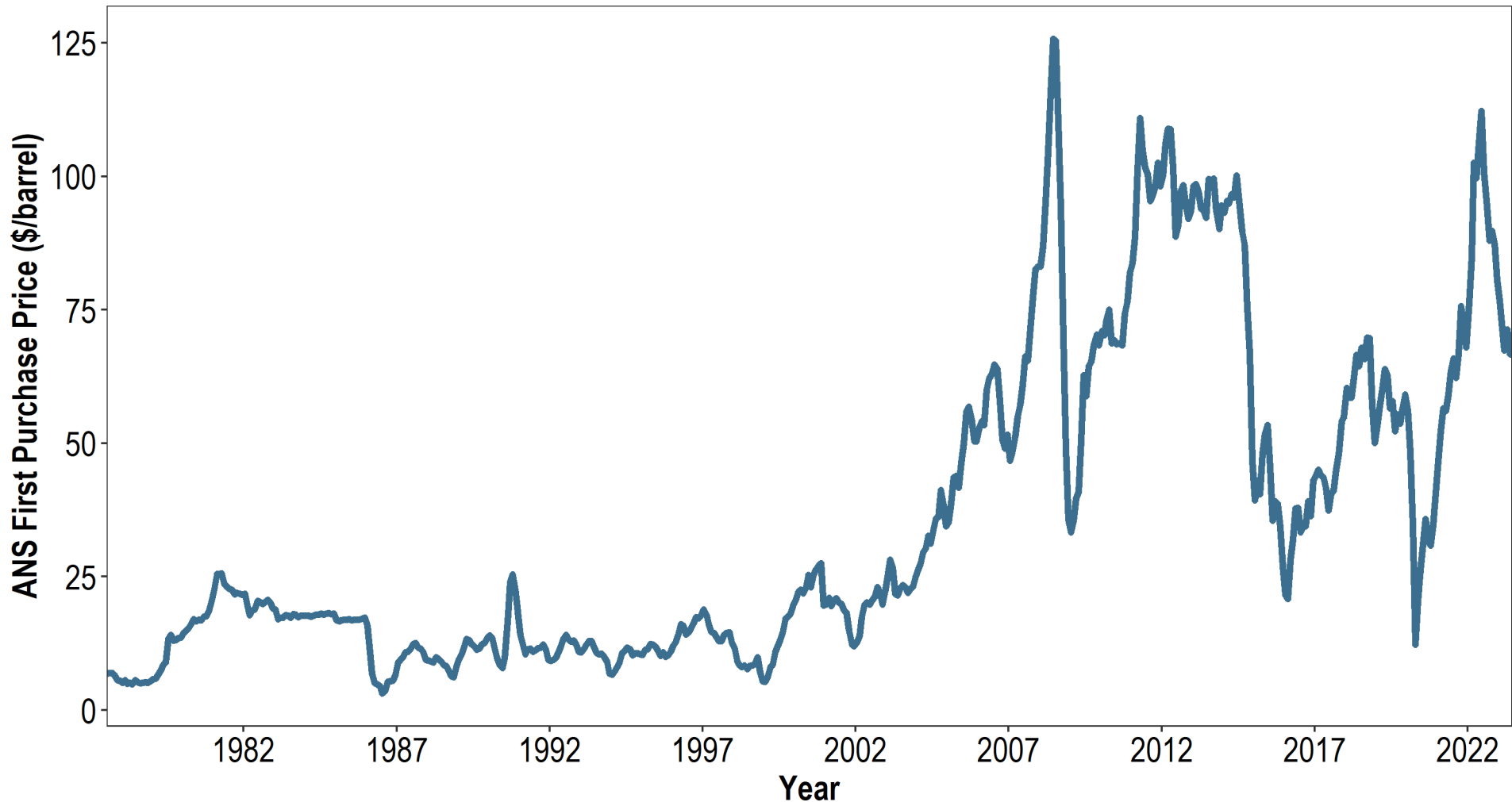


# Alaska's GDP has increased after flat decade



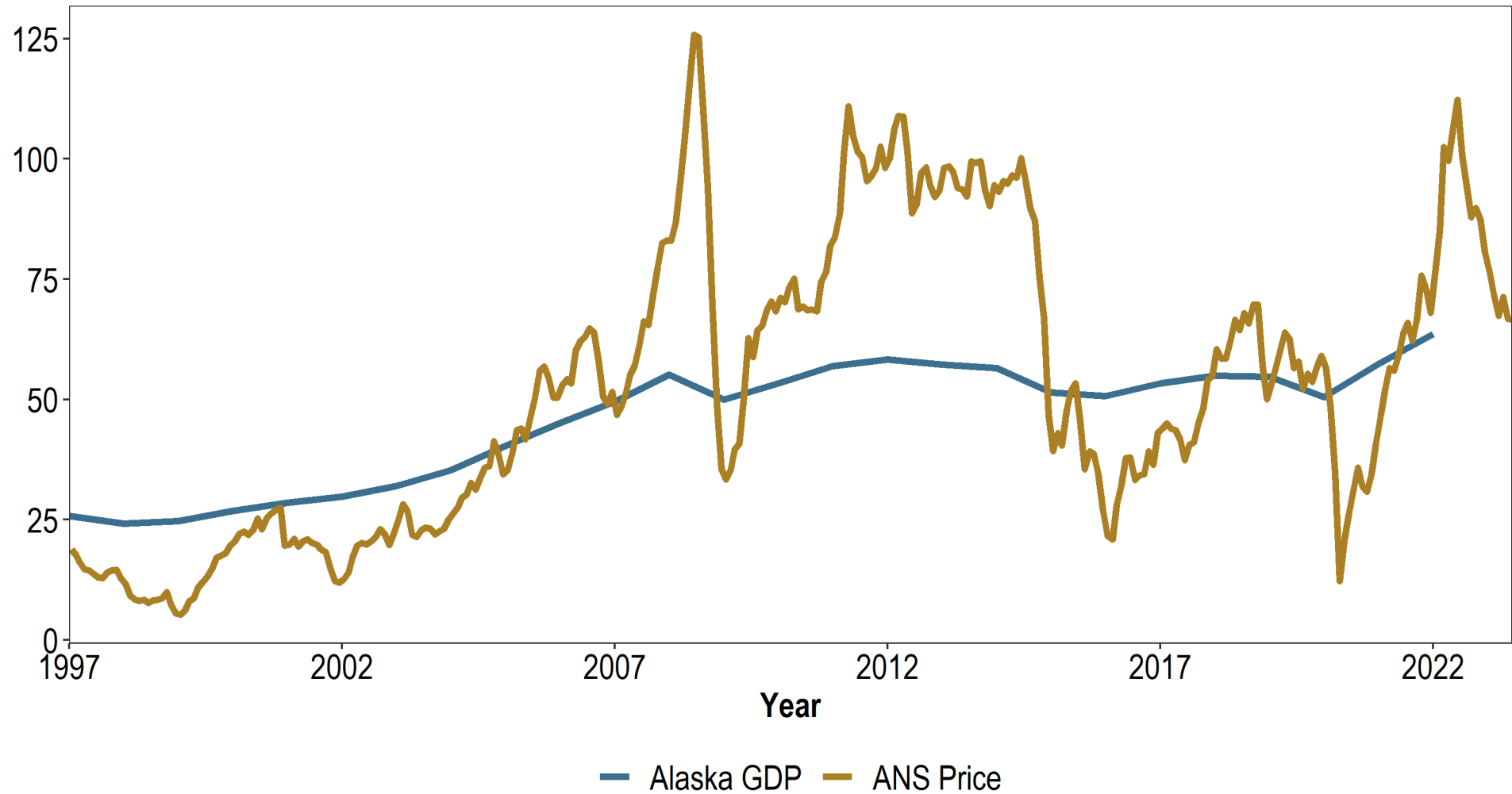
Note: Data retrieved September 14, 2023.  
Source: St. Louis Fed

# ANS crude prices have seen volatility



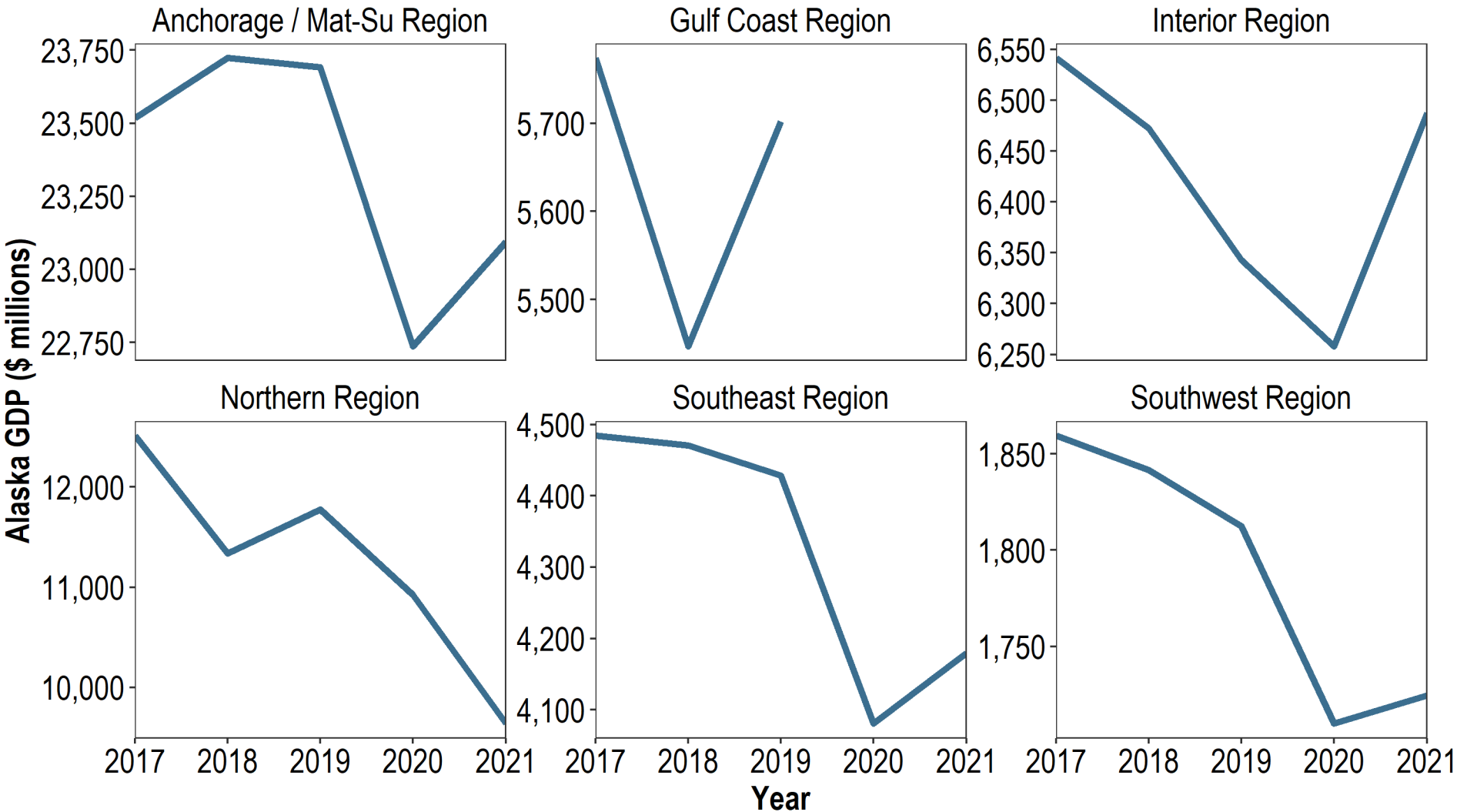
Note: Data retrieved September 14, 2023.  
Source: Energy Information Administration

# Oil is only part of GDP



Note: Data retrieved September 14, 2023.  
Source: Energy Information Administration and St. Louis Fed

# Regional GDP for 2017–2021

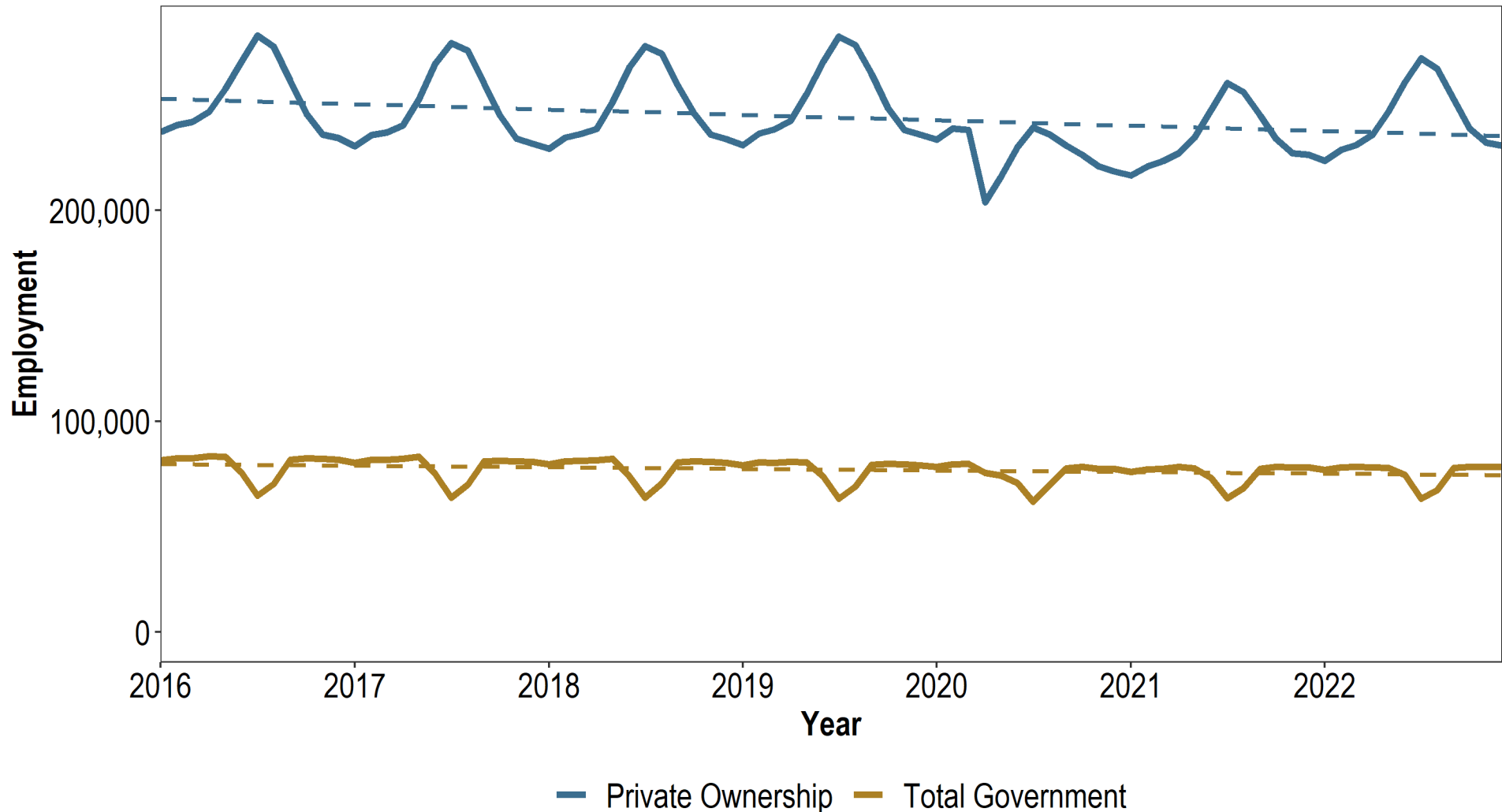


Source: Bureau of Economics Analysis



# Employment, Labor Force, and Wages

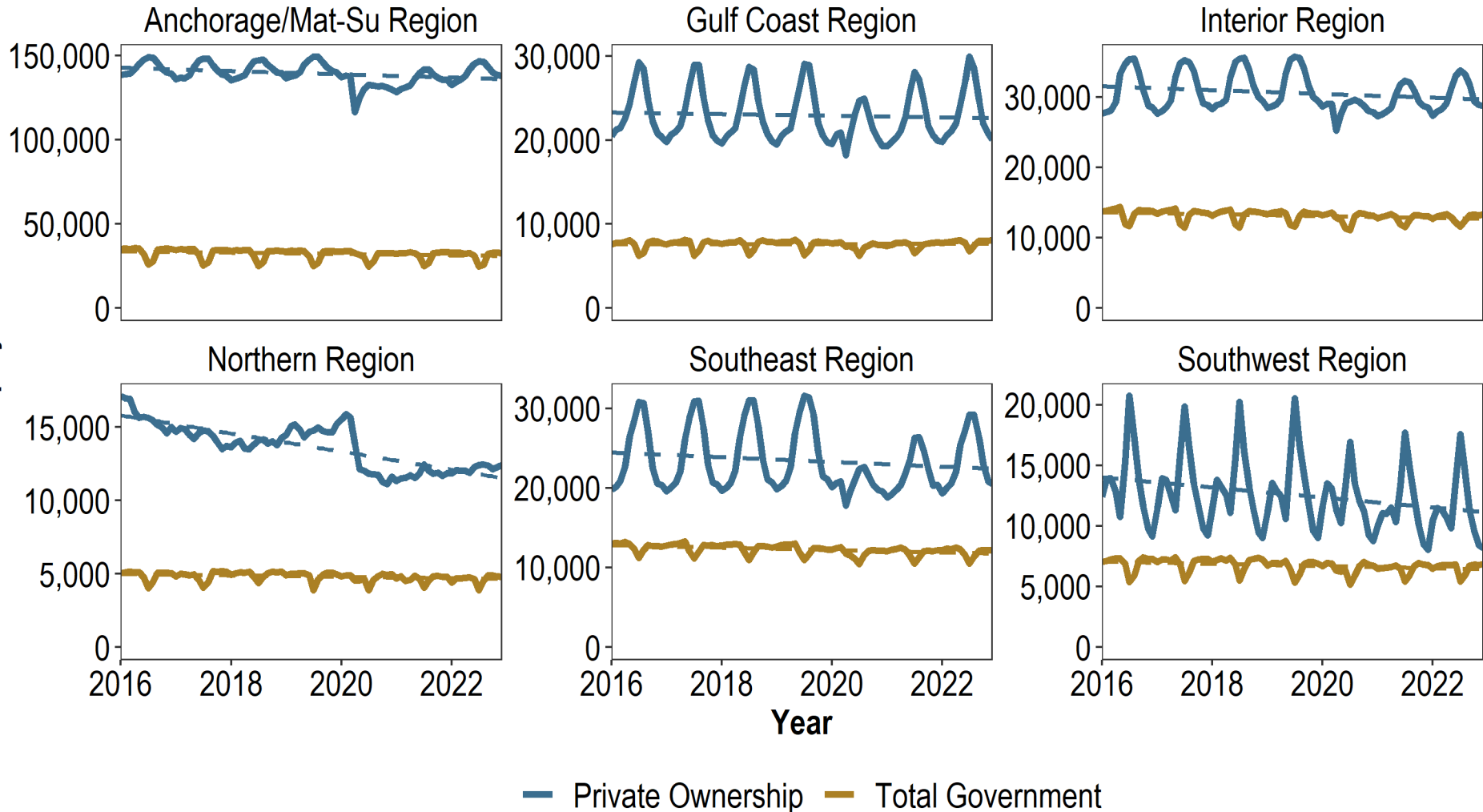
# Private employment is trending down



Source: Alaska Department of Labor and Workforce Development

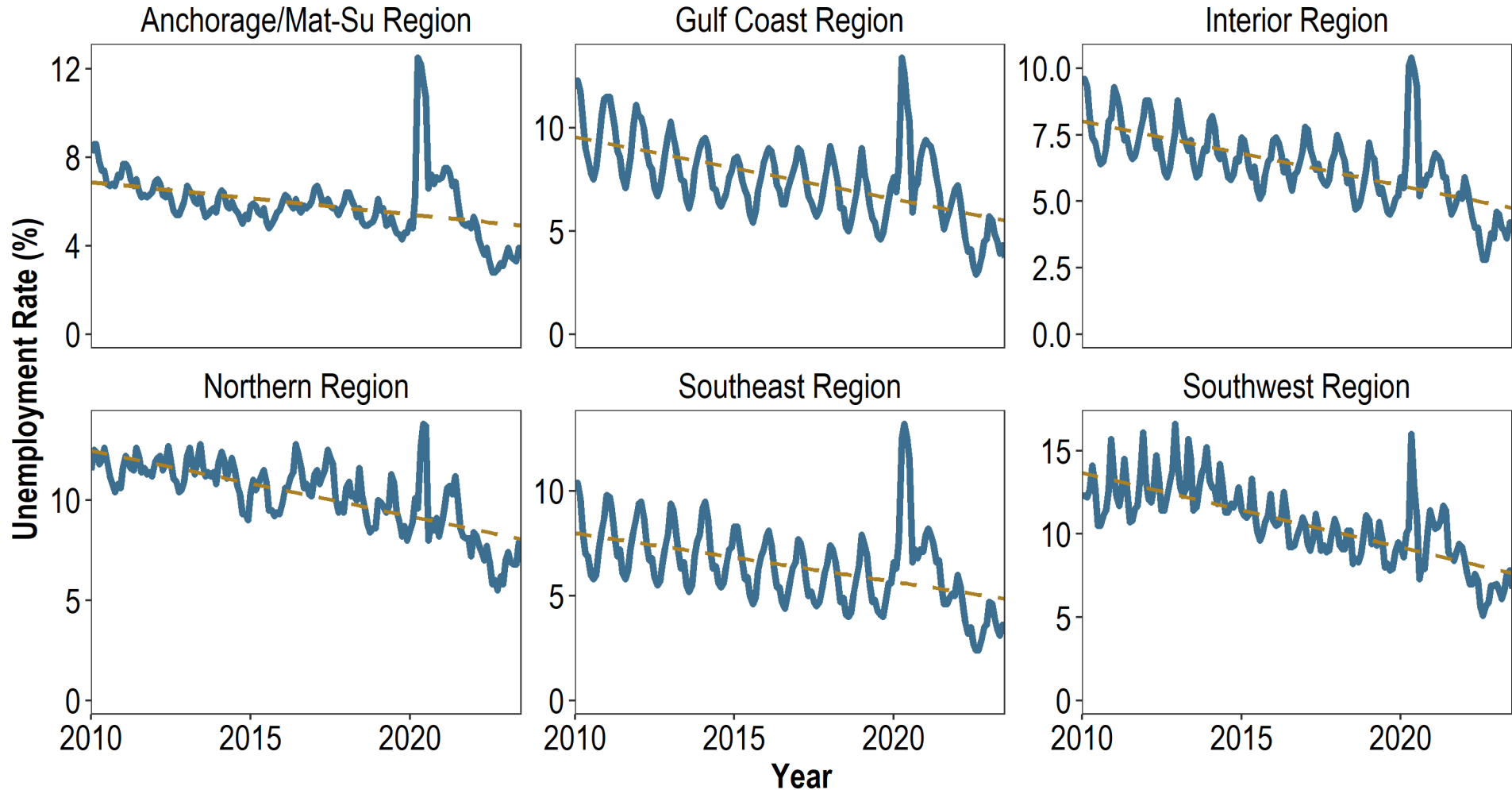


# Some regions have faced bigger challenges



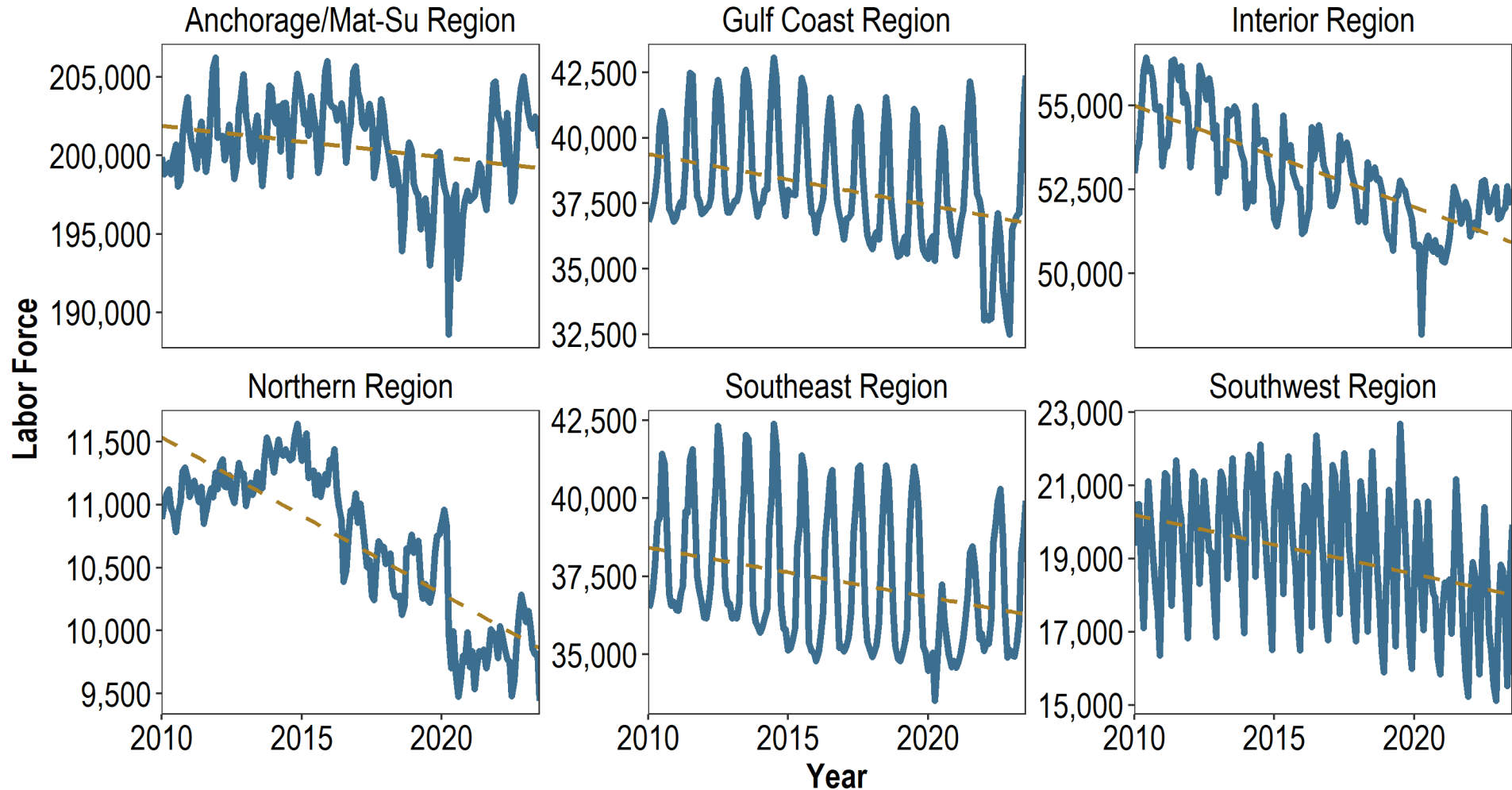
Source: Alaska Department of Labor and Workforce Development and Northern Economics, Inc. analysis

# Unemployment has been declining



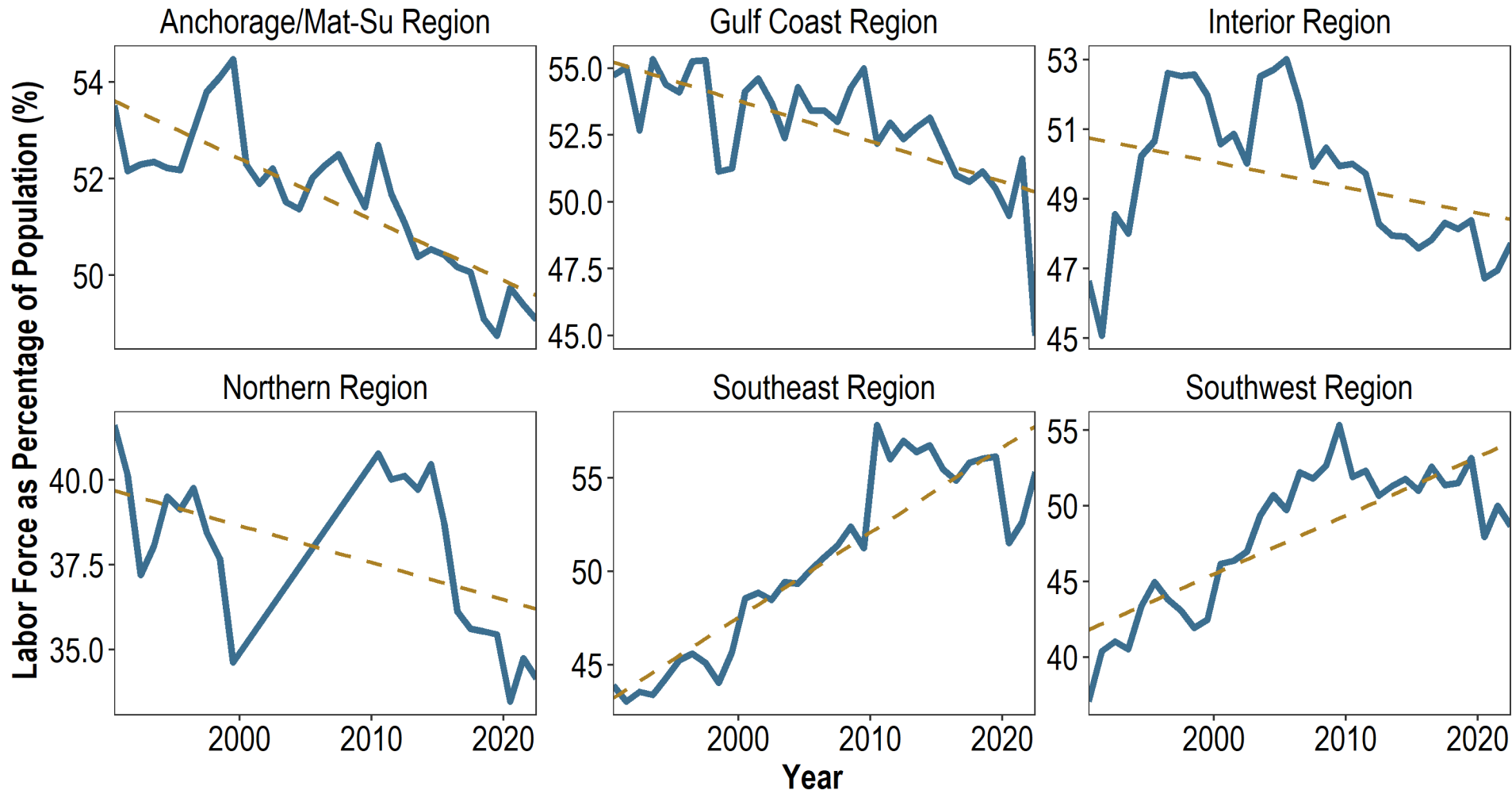
Note: Data retrieved September 14, 2023.  
Source: Alaska Department of Labor and Workforce Development and Northern Economics, Inc. analysis

# Labor force is seasonal but trending down



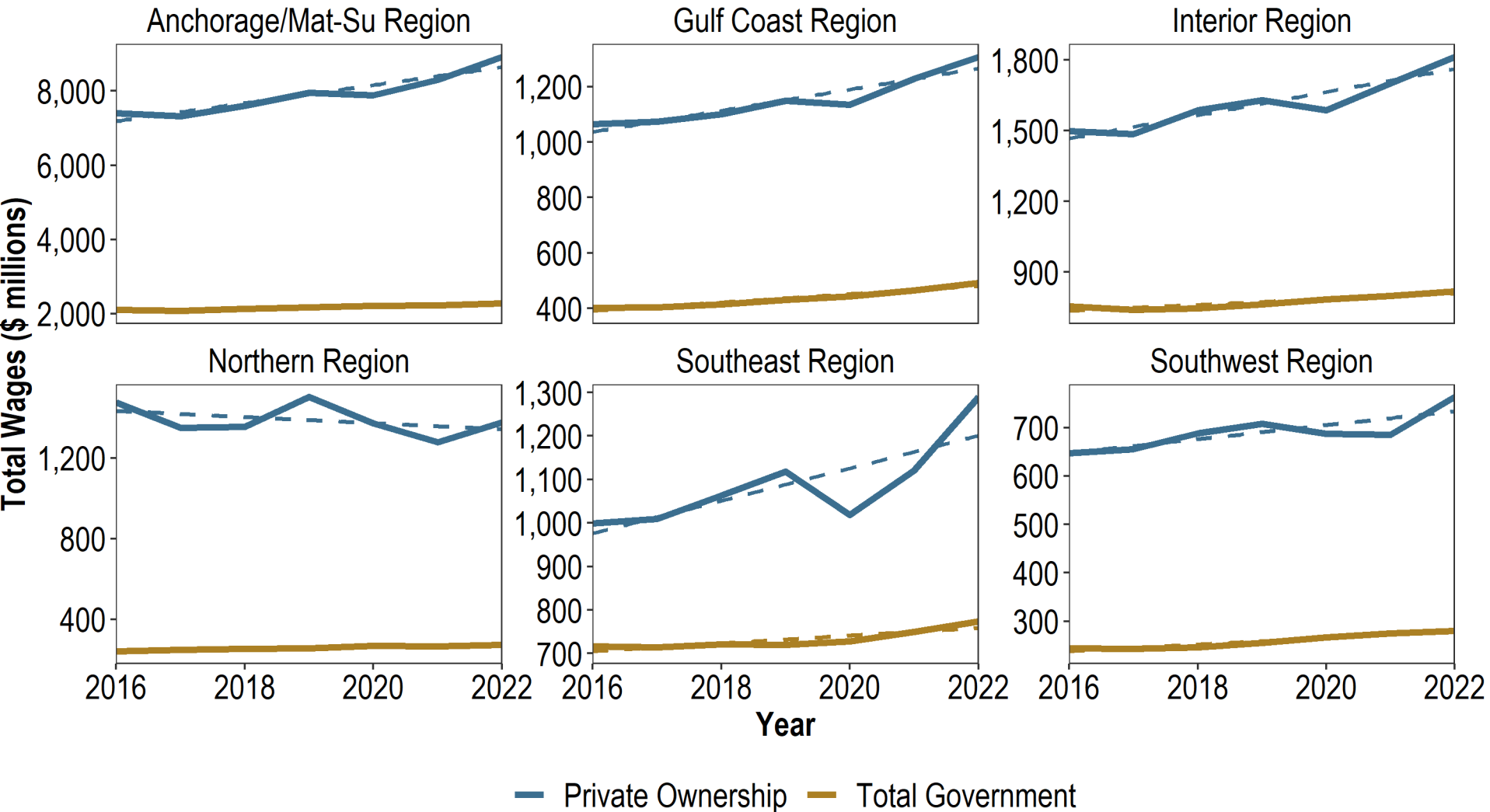
Note: Data retrieved September 14, 2023.  
Source: Alaska Department of Labor and Workforce Development

# Labor force participation rising in the south



*Note: Results are approximate, since population figures do not account for institutionalized population.  
Source: Alaska Department of Labor and Workforce Development and Northern Economics, Inc. analysis*

# Most regions have seen wage growth since COVID

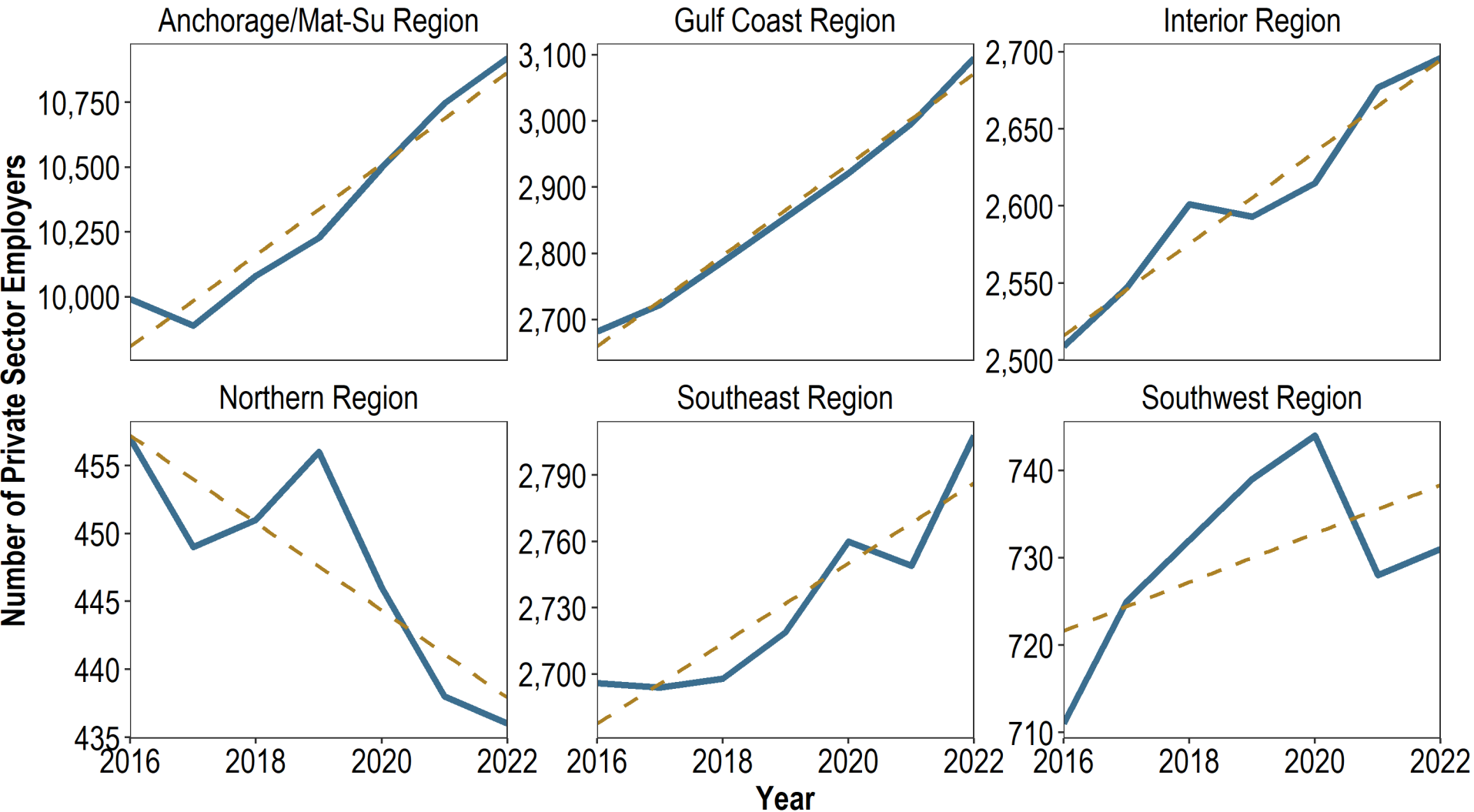


Source: Alaska Department of Labor and Workforce Development and Northern Economics, Inc. analysis



# Number of Private Businesses

# Private business counts have been growing



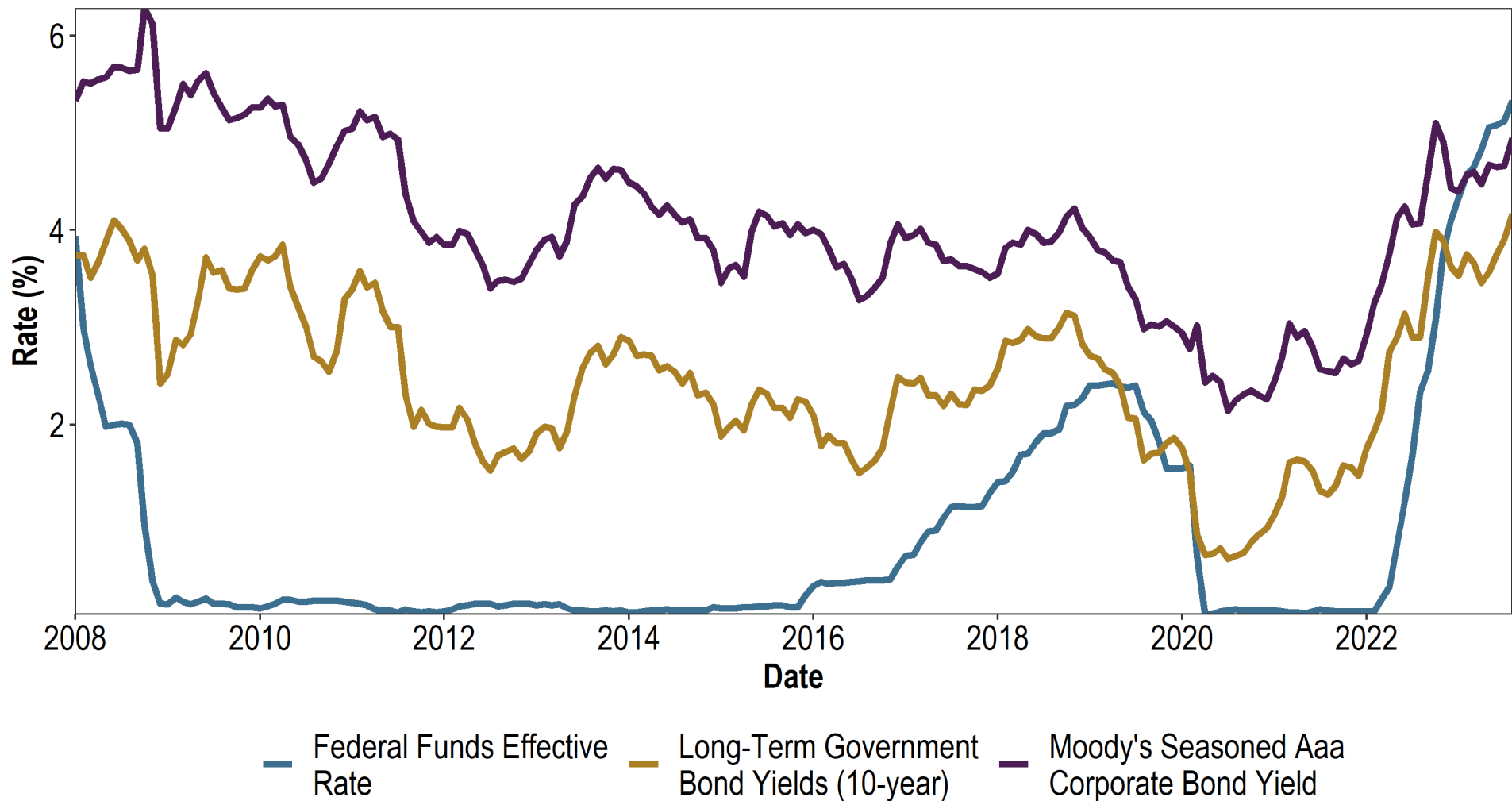
Source: Alaska Department of Labor and Workforce Development and Northern Economics, Inc. analysis

The background of the slide is a dark grey grid filled with various financial data points, including numbers like 4561231.21, 124.89, 5134572.04, and 8523142.09. Overlaid on this grid are several white line graphs and bar charts, some showing upward trends and others showing downward trends. A prominent white line graph starts on the left, peaks in the middle, and then declines. Another white line graph starts in the middle and trends upwards towards the right. In the bottom left, there is a bar chart with several bars of varying heights, some increasing and some decreasing. The overall aesthetic is that of a financial or economic data visualization.

# Borrowing Environment



# Bonds (and other debt) are expensive again



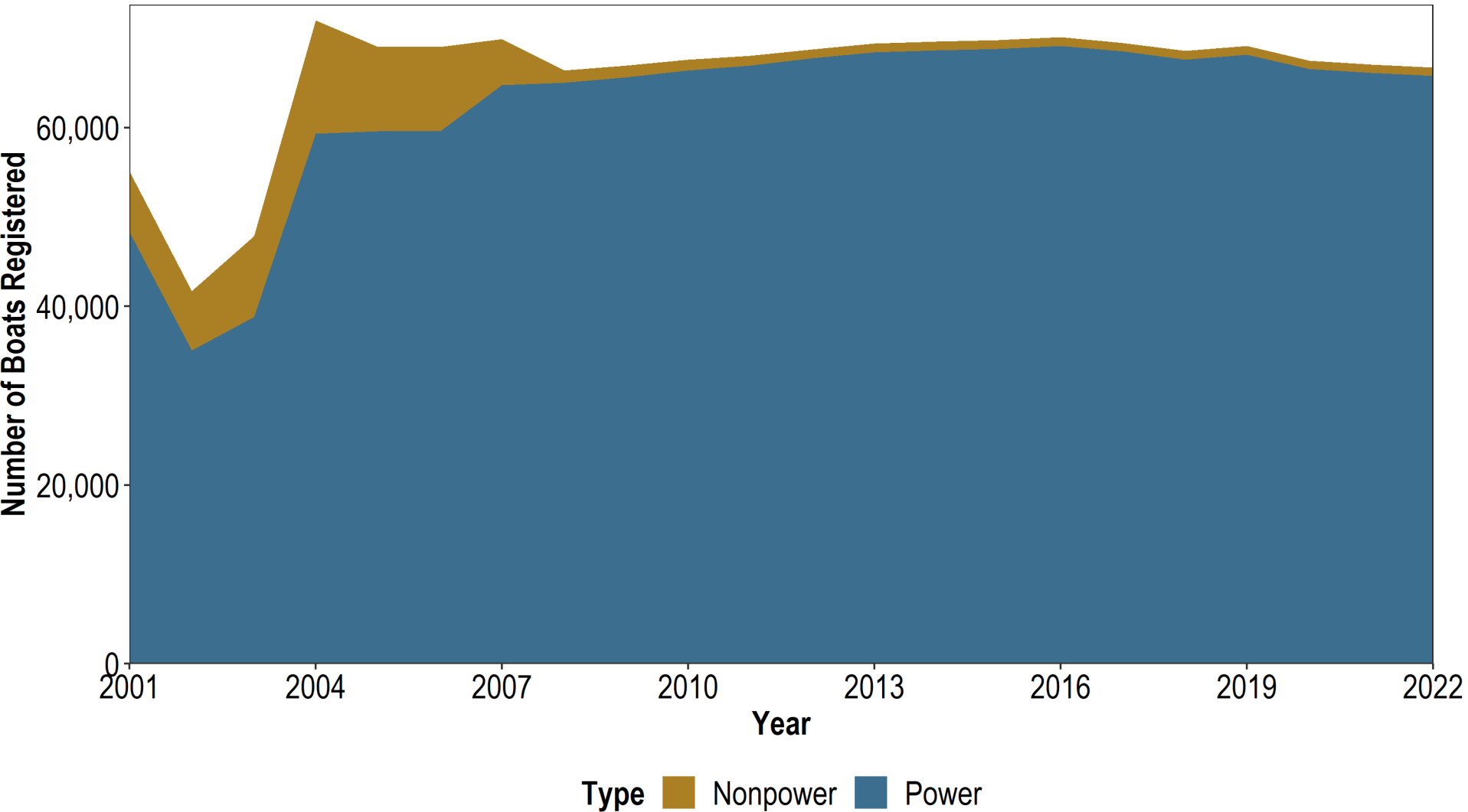
Note: Data retrieved September 14, 2023.  
Source: St. Louis Fed



# Boat Registrations

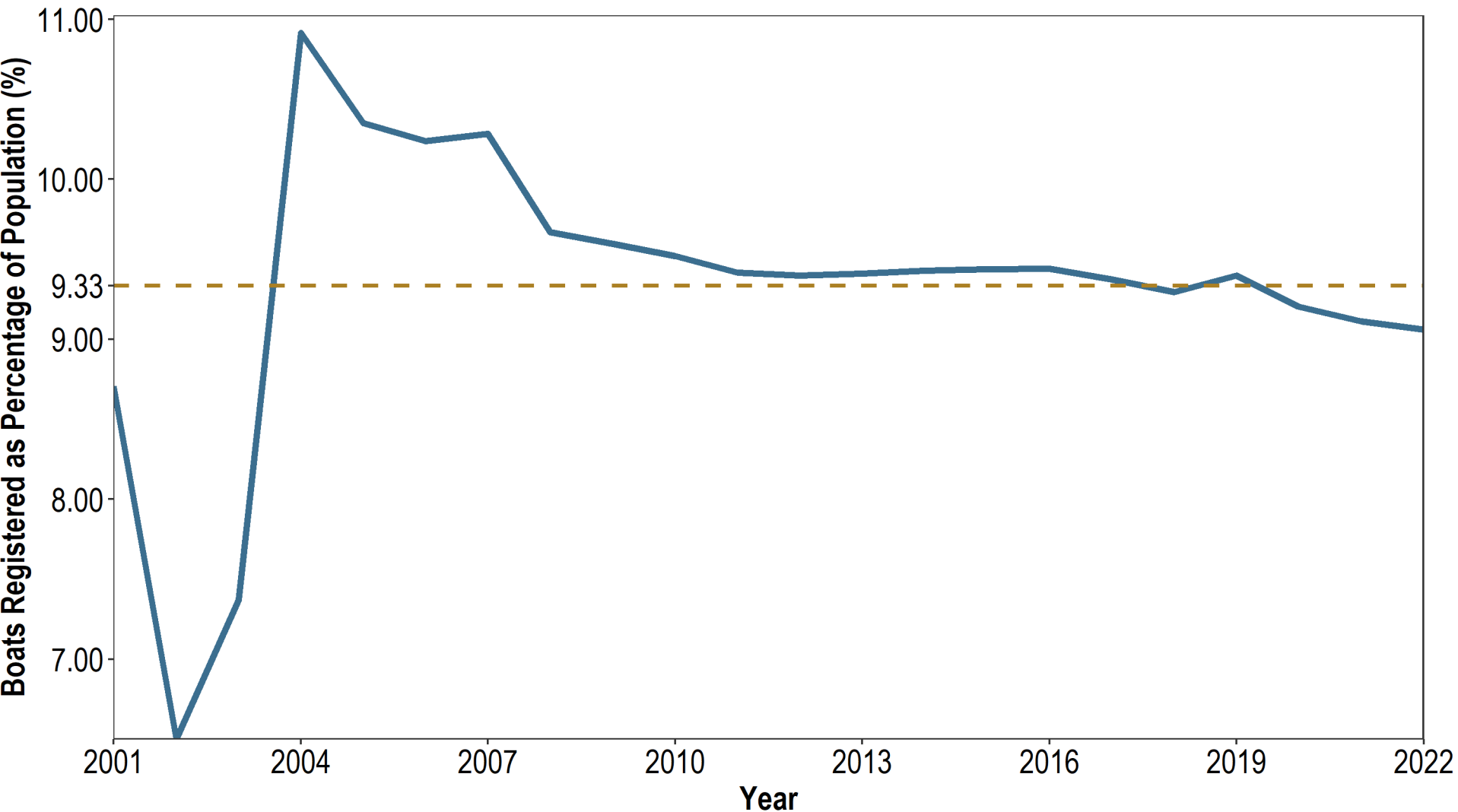


# Downward trend in DMV boat registrations



Source: State of Alaska Division of Motor Vehicles

# Boats per capita is also declining



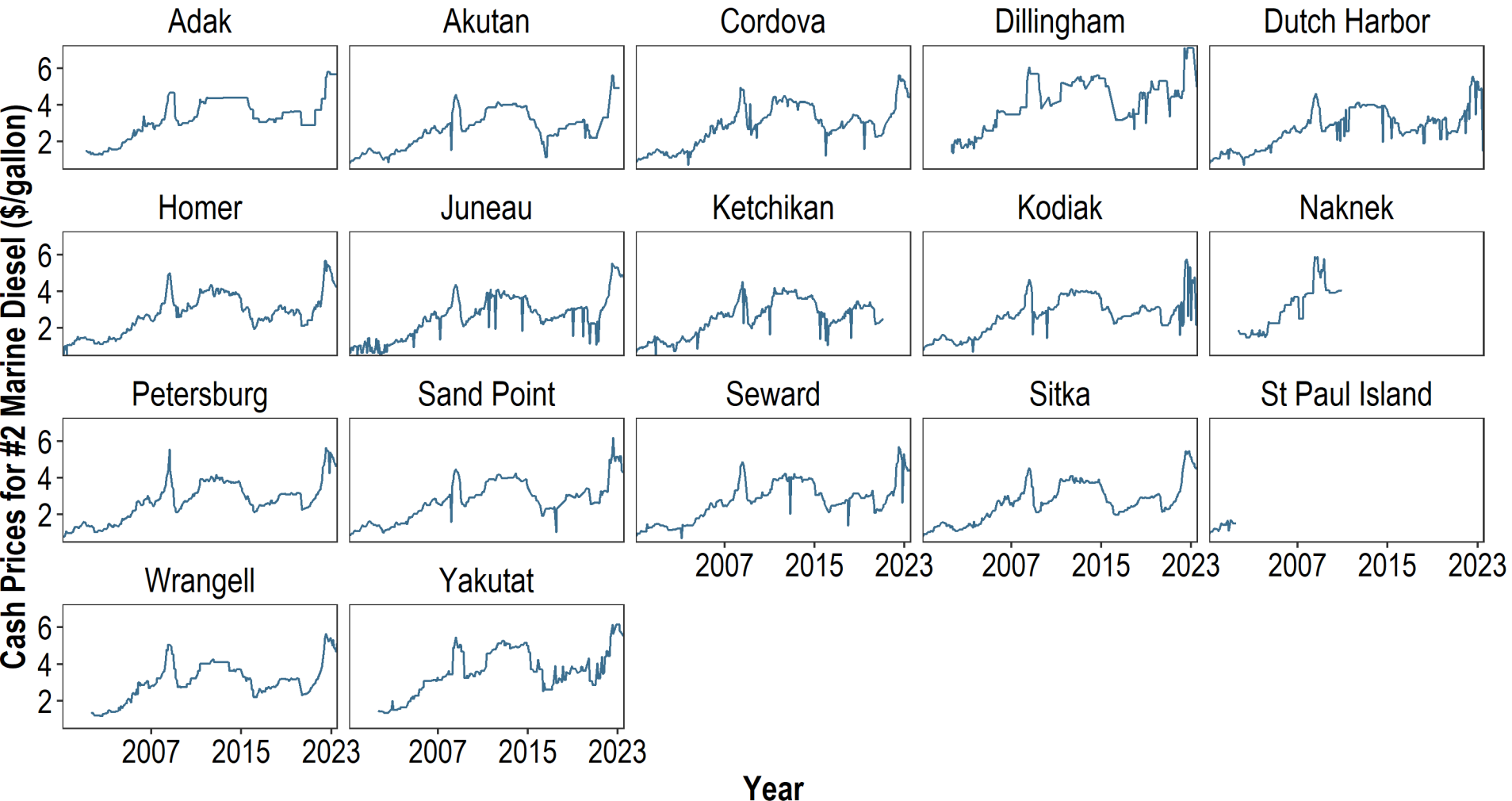
Source: State of Alaska Division of Motor Vehicles, Alaska Department of Labor and Workforce Development, and Northern Economics, Inc. analysis



# Fuel and Commodity Prices

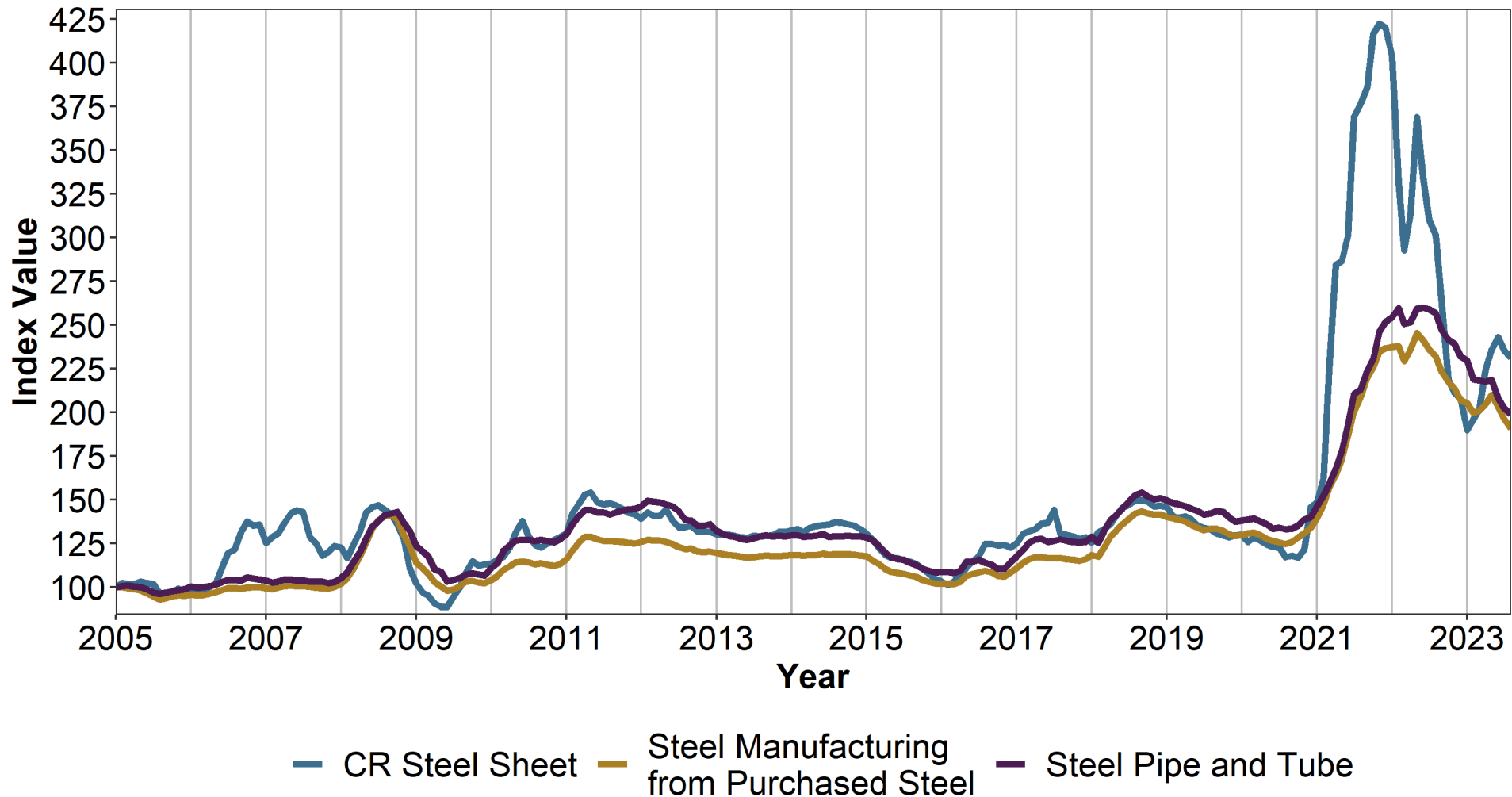


# Marine diesel prices are dropping



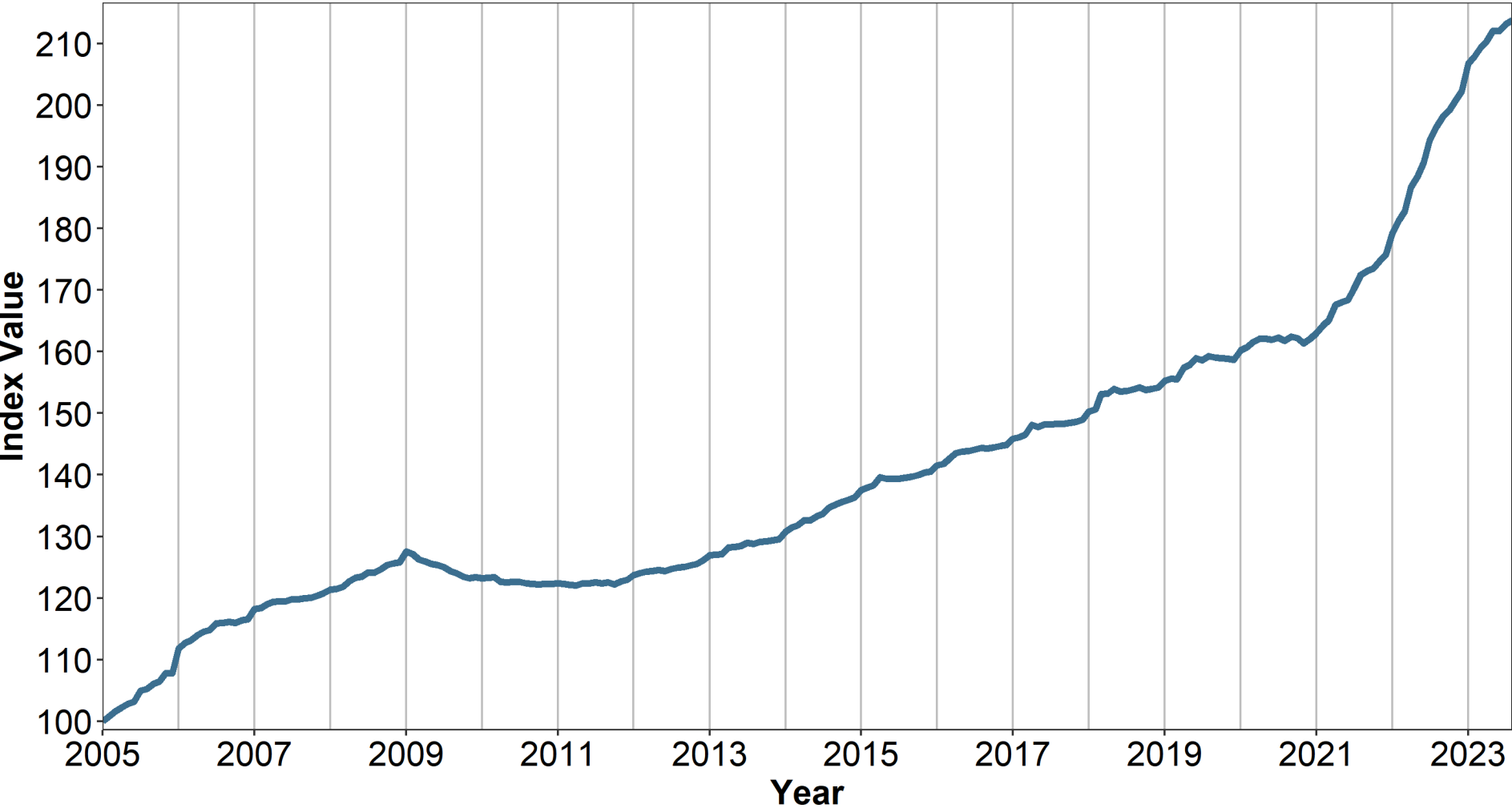
Note: Data retrieved September 14, 2023. Prices averaged across docks and zeroes omitted.  
Source: Pacific States Marine Fishery Commission and Northern Economics, Inc. analysis

# Steel prices are coming down



Note: Data retrieved September 26, 2023. Note: Indices normalized to January 1, 2005, for comparison.  
Source: St. Louis Fed and Northern Economics, Inc. analysis

# Cement prices continue to rise, but easing



*Note: Data retrieved September 26, 2023. Note: Indices normalized to January 1, 2005, for comparison. Source: St. Louis Fed and Northern Economics, Inc. analysis*



A crystal ball on a stand is the central focus of the image. The background is a soft-focus landscape featuring a body of water and distant trees. A horizontal gold-colored band is superimposed over the middle of the image, containing the text.

# Where Do We Go From Here?

# Looking ahead, there are some bright spots, some concerns, and a lot of uncertainty

- Increases in the labor force will hopefully relieve hiring issues, but at a higher cost
- The customer base for many—boat registrations—is declining
- Tourism has rebounded from COVID
- Fisheries are a mixed bag, depending on the region

# Thank You!

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